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Giving in Indonesia: A Culture of Philanthropy Rooted in Islamic Tradition

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1. The philanthropic landscape

1.1 History

Indonesia is the fourth most populous country in the world, with a population estimated at 237 million in 2010 (Badan Pusat Statistik, 2010). Indonesia's national motto, 'Unity in Diversity,' is a reference to its heterogeneous religious, cultural and ethnic traditions. The size and scope of the philanthropic sector reflects the country's changing geographic and economic landscape.

Indonesia's nonprofit sector builds on traditions of philanthropy and self-help (Lewis & Kanji, 2009). During the Suharto regime (1965–1998), Indonesia grew rapidly with gross domestic product (GDP) per capita increasing from US\$100 in the early 1970s to around US\$1,000 in 1995. Official government literature during this period emphasized *gotong royong*, or community participation, as a central part of a national development strategy (Bowen, 1986). Communities were expected to provide volunteer labor, building materials and money in order to achieve development objectives. The centralized system of community organizations provides an opportunity to study patterns of philanthropic contributions, as community organizations were comparable across regions.

Beard (2007) describes the two tiers of nonprofit organizations (NPOs) in Indonesia. The first tier is composed of community-based NPOs which are spatially and geographically defined and vary in their levels of formality and organization. Typically, local community organizations are unregistered, but play an important role in providing services to marginalized and rural communities in Indonesia. These organizations also provide local public goods. Households contribute their time, money and materials to irrigation associations (*subuk*), neighborhood security arrangements, rice cooperatives and neighborhood health posts (*posyandu*) – all of which are various types of

community-level organizations. A notable example, *posyandu* relies on salaried government staff and volunteer workers to deliver key health services to the community (Frankenberg & Thomas, 2001).

The second tier of the philanthropic sector in Indonesia consists of two types of NPOs: foundations (*yayasan*) and associations (*perkumpulan*). Due to their legal status and regulation by the national government, foundations are the most common type of NPO in Indonesia. The NPOs in this second tier are registered organizations that often have paid staff and are not typically attached to a specific community. While the number of registered organizations has grown, an extensive network of community-based NPOs also operates within Indonesia (Ibrahim, 2006).

Building on its history of *gotong royong*, the nonprofit sector has grown over the past two decades in response to both international and domestic concerns. The Suharto government's 'New Order' (1967–1998) emphasized the importance of working with NPOs on development priorities in education, health, the environment and other sectors in order to share the costs of such programs and activities (Antlöv, Ibrahim, & Tuijl, 2005). However, the state's approach to working with NPOs was limited. Hoon (2010, p. 55) emphasizes that 'the Suharto government did not regulate the aims and scope of work that a NPO or foundation could serve.'

Recent economic shocks including those associated with the 1997 Asian financial crisis, the 2005 Asian Tsunami and the global financial crisis of 2008 have created new opportunities for the nonprofit sector in the areas of employment, poverty alleviation, nutrition, health, education and basic needs.

1.2 Size and scope of the nonprofit sector in Indonesia

Data collection on the size and scope of Indonesia's nonprofit sector is carried out by several government entities, yet this information is not widely available to researchers and policymakers in a fully searchable and comprehensive format. However, existing data sources indicate the majority of registered nonprofit organizations work in the social service sector. Registered nonprofit organizations tend to be geographically concentrated. Specifically, about 50 percent of registered NPOs are based in Java, the most populous province. Other NPOs exist at the village, district, provincial and national levels; however, the majority of these types of community organizations are not registered and do not have legal status.

Although community organizations continue to play a critical role in local public good provision, the formal philanthropic sector has grown in Indonesia. In 2010, there were approximately 21,000 NPOs registered and operating in Indonesia, with the majority of these being foundations (Ravi, 2012).

The Government of Indonesia regulates the nonprofit sector through 26 laws, government regulations and Ministerial Decrees (Indonesian Local Assessment

Team, 2010). Since the end of Dutch colonialism in 1945, the Indonesian legal system has been complex. Associations are governed by the 1870 Dutch law, while foundations are governed by Indonesian statutes enacted in August 2002 (Ravi, 2012). Beyond associations and foundations, several other forms of NPOs exist in the Indonesian philanthropic landscape, including cooperatives, political parties, educational entities, societal organizations and NPOs structured as for-profit entities (Ravi, 2012).

Today, domestic and international NPOs are involved in various social, religious, educational and humanitarian activities. Since the 1990s, a significant number of NPOs have taken on advocacy roles in the areas of human rights and environmental protection, moving beyond the limited framework of community development. These NPOs became known as ‘advocacy oriented activists,’ playing a leading role in Indonesia’s transition to a democracy. Following the collapse of the Suharto government in 1998, Law No. 16 of 2001 was ratified to promote transparency and accountability in NPO governance and to restore the function of NPOs as nonprofit institutions with social, religious and humanitarian objectives (Suryaningati, Ibrahim, & Malik 2003; Hoon, 2010). Prior to this legislation, provisions in Law No. 37 of 1999 on international relations created legal umbrellas for international NPOs’ activities in Indonesia.

1.3 Government policy in the nonprofit sector

1.3.1 Government support

The number of Indonesian NPOs has increased from ‘thousands’ during the New Order era to ‘tens of thousands’ by the end of 2003, thus demonstrating the growth of civil society in Indonesia. New laws have not only enabled NPOs to become legal entities but also demand from them more rigor, transparency and accountability. This legal environment has expanded the scope of nonprofit organizations (Suryaningati et al., 2003). The OECD lists Indonesia’s public social expenditure as 2.9 percent of GDP in 2011 (OECD, 2013).

Although Indonesia is not included in Salamon and Anheier’s (1998) classification of the nonprofit sector, the statist model is the most relevant: the nonprofit sector has grown but still remains relatively limited, as is government spending on social services. A 2009 survey of 551 Indonesian NPOs revealed that 72.4 percent of surveyed NPOs reported cooperation with the government, with 51.7 percent doing so because of shared goals and 16.7 percent doing so because of securing certain privileges. Slightly less than two-thirds (63.5 percent) of surveyed NPOs expect ‘financial support and facilities’ from the government. Similarly, the largest proportion of surveyed NPOs reported expecting ‘funding/technical assistance for capacity building.’ Only 5.4 percent of surveyed NPOs reported that government policy toward their organizations

was 'very supportive,' while 41.6 percent described it as 'supportive' and 36.3 percent as 'quite supportive' (Kim, 2004).

1.3.2 Fiscal incentives

While donations and grants are not subject to income tax, NPOs normally are not tax exempted. Indonesians may only deduct donations from their taxes for religiously required gifts (Parisi, 2009, p. 34). Additional tax incentives are available on an ad hoc basis, for example in the case of natural disasters. In general, tax exemptions are available only for foundations working in the fields of religion, education, health and culture; these are applicable only to grants, donations, gifts, inheritance and government subsidies.

Indonesia has also established regulations for the management of *zakat*, which are currently administered by the Ministry of Religion. *Zakat* refers to the obligation of Muslims to give a specified amount of their wealth – with certain conditions and requirements – to beneficiaries called *al-mustahiqin* (Alfitri, 2006). The concept of *zakat* reflects a commitment within Islamic teachings to those in need and serves as a vehicle of income redistribution. *Zakat* includes both *zakatal-fitr*, which is levied on all Muslims except those that are destitute, and *zakatal-mal*, which is levied only on Muslims whose wealth exceeds a threshold called *nisab*. However, the Indonesia state did not initially directly participate in the management of *zakat* funds. Instead, the management of the funds tended to be self-sustaining, as *zakat* collectors are among the *zakat al-mal* beneficiaries within Islam tradition.

Under current Indonesian law, both federal and semi-autonomous provincial *zakat* collection and management agencies have been established. However, the law and these agencies do not comprehensively regulate this form of giving. Three systems for *zakat* collection exist: (1) government-operated local or national collection agencies, (2) direct giving to nearby mosques or local charitable needs and (3) 'institutionalized' collection by more geographically expansive religious organizations (UBS, 2011, p. 79). Often, religious organizations like mosques and schools that collect these donations are also the intended recipients, provided that general welfare needs are also met. Compared to giving to nearby charities to meet local needs, giving to larger *zakat* collection agencies grants donors less transparency regarding how their contributions are being used for social, economic and environmental reforms.

1.4 Regulation of the nonprofit sector

Current Indonesian law has evolved toward promoting transparency and accountability within the nonprofit sector. In particular, Indonesia enacted a new foundation law in 2001, which seeks to regulate the administration of foundations and increase public accountability. Originally drafted by the

Indonesian government, this legislation responded to general public support for governance reform and ‘pressure from the International Monetary Fund’ (Suryaningati et al., 2003). The new laws require foundations to make their annual reports publicly available. Organizations whose annual income, from the government or any other sources, exceeds 500 million Indonesian Rupiah (about US\$40,000) are required to publish their audited financial reports in the local media. In addition, foundations that receive public funds are required to provide public access to their annual reports from the past ten years.

Government regulation of the nonprofit sector in Indonesia has expanded over time. In the past, only a handful of explicit restrictions and regulations affected the work of NPOs. However, a study conducted by the Indonesian Center for Reporting and Analysis of Financial Transactions (2010) found that the government has promoted inter-agency coordination for NPO supervision, including imposing sanctions on those who breach current laws and regulations. However, this regulation has not been fully implemented. Moreover, many NPOs have not provided regular financial reports as obliged by public accountability statutes. The government has not strongly supervised this obligation of NPOs to file financial reports; as a result, determining the sources of funding for many Indonesian NPOs tends to be challenging (Indonesian Local Assessment Team, 2010).

However, the level of government oversight may soon change. Mirroring the 1985 ‘Law on Social Organizations,’ Indonesia passed the ‘Law on Mass Organizations’ in July 2013. This piece of legislation establishes a central registration process to ensure that every NPO operates under monotheism and prohibits ‘blasphemous activities’ (Human Rights Watch, 2013). The law also establishes new limits on international NPOs operating in Indonesia. The 2009 survey of 551 Indonesian NPOs reveals variability in NPO regulation. A quarter (75.3 percent) of surveyed Indonesian NPOs possesses a notary deed of establishment, while 59.0 percent reported they did comply with the 2001 foundation law. About one in five (19.8 percent) of surveyed NPOs reported that a public account performed a financial audit on their operations because their statutes require it, while 41.2 percent reported doing so because of regulations (Kim, 2004).

1.5 Culture

1.5.1 Religion

Indonesian philanthropy is greatly influenced by the prevailing elements of the Islamic culture and customs found within the nation. About 86 percent of the population is Muslim, while Protestants make up 6 percent, Roman Catholics about 2 percent, Hindus about 2 percent and other religions another 2 percent (UBS, 2011, p. 79). Slightly less than three-quarters (72 percent) of Indonesian

Muslims attend mosque at least once weekly; 50 percent attend more than once a week; and 22 percent attend 'once a week for jumah prayer' (The World's Muslims Religion Politics & Society, The Pew Forum on Religion & Public Life, 2012, p. 46). According to Bertrand (2004), religious identity in Indonesia exerts a greater influence on social and economic outcomes than ethnicity.

Similarly, Fauzia (2008) emphasizes the dominant role that religion plays within the philanthropic landscape. *Zakat* (almsgiving), *sedekah* (donations, giving) and *waqf* (religious endowment) are important aspects of philanthropy in Indonesia. Almost all (98 percent) of Muslim Indonesians give *zakat* annually (Lugo et al., 2012). From the time of the Islamic monarchs, through the period of Dutch colonialism until contemporary Indonesia, there have been different levels of Islamic philanthropy, either from previous rulers or from the Muslim civil society (Antlöv et al., 2005; Fauzia, 2008; Hoon, 2010). However, under the Suharto regime, policies evolved with regard to the role of the state in Islamic philanthropy.

The government encourages and controls a quasi-state institution for ZIS3 (*zakat, infak*¹ – donations made without self-motivated interests – and *sedekah*) called Badan Amil Zakat (Zakat Collector Board) or Bazis. The total amount of funds collected by the Bazis has increased. In addition to the official Bazis, there are many community-based ZIS collectors known as Lazis (Lembaga Amil Zakat, or Zakat Collector Institutions).

Ethnic identity also influences Indonesian philanthropic contributions. Okten and Osili (2004) found that ethnic diversity has a negative and significant effect on contributions as well as the prevalence of community organizations in certain areas of Indonesia. Their article uses empirical findings from Indonesia to provide support for an exchange-based model of community transfers, where households give in a manner that reflects the benefits they receive from a specific community organization.

Despite the importance of Islamic philanthropy in Indonesia, controversy surrounds the state's role in supporting Islamic philanthropic institutions and practices. Many NPOs and government leaders debate the institutionalization of Muslim civil society organizations under state regulations (Antlöv et al., 2005).

1.5.2 Professionalism of fund-raising

1.5.2.1 Organization of fund-raising

Although there are more than 20,000 registered NPOs in Indonesia, very limited information exists on their fund-raising strategies and approaches to long-term sustainability. Most of these organizations are dependent on international funding. Few are supported by income from individual members or domestic sources, public or otherwise. A recent survey revealed that 65 percent of Indonesian civil society organizations' revenues come from international

sources, and 35 percent come from domestic sources. The domestic revenues are mainly derived from earned income activities and interest on endowment funds. Only a small portion comes from individual giving.

As Muslim giving catalyzes the Indonesian nonprofit sector's growth, the nonprofit sector itself has become more professional and organized in response. Historically, individuals worked on a volunteer basis to manage an area's religious giving (*amil*). Increasingly, however, the role of *zakat* managers (*amil*) has become more formal, occupying full-time, salaried positions (Fauzia, 2008, p. 208).

Furthermore, some fund-raising approaches common in the United States and Europe have also been used successfully by NPOs in Indonesia, such as direct mail, media advertising, telephone solicitations, ticket sales for special events, workplace giving and NPO product sales, publications and services (Asia Pacific Philanthropy Consortium, 2002). Existing research focuses on the development of these modern practices to support Islamic philanthropy (UBS, 2011; Asia Pacific Philanthropy Consortium, 2002).

1.5.2.2 Major donors

There is limited information about the role of major donors in Indonesia. Since few academic studies have examined the role of major donors, much of the information about major donors is based on media reports. One such report was in *Forbes* in June of 2012, where Koppisch (2012) wrote on Ciputra, Gunawan Jusuf, Low Tuck Kwong and Tahir, all major Indonesian donors in 2012. Ciputra, who runs a property development group, founded a university for entrepreneurship in Surabaya in 2006 and recently began sending teachers to the Silicon Valley for technical training. Low Tuck Kwong, the 64-year-old founder of the coal mining company, Bayan Resources, gives to universities in Indonesia as well as donates to flood relief efforts throughout Southeast Asia. Tahir, the 60-year-old chairman of the Mayapada Group, recently announced plans to donate 10,000 laptops to needy Indonesian students performing at the top of their high school classes.

1.5.2.3 The role of financial advisory professionals

Although community organizations play a key role in philanthropic initiatives in Indonesia, limited information is known about the skill level of the staff working within these organizations and related ones. According to Antlov et al. (2005), Indonesian NPOs, particularly foundations, are often led by middle-class, university-educated directors; however, these leaders unfortunately have little knowledge of grassroots issues and community needs. The Asia Pacific Philanthropy Consortium's (2002) *Investing in Ourselves* report notes that many Indonesian NPOs have recently attempted to advance fund-raising specifically by hiring professional staff. The report goes on to note that NPOs realize it is

important to have highly skilled staff at all levels of their organizational structures. Such professionals can not only enhance the work of the NPO but also help improve its reputation among current and potential donors.

1.6 Other relevant characteristics for Indonesia

Recent economic events have increased the visibility of philanthropic institutions in Indonesia. In response to the Asian Tsunami in 2004, private donors in the United States, the United Kingdom and many developed countries contributed to the relief and rebuilding efforts in Indonesia. Several foundations, including the Titian Foundation, were founded to support the rebuilding of villages destroyed by the tsunami and have since contributed to other disaster relief projects in other parts of Indonesia.

Following the 1997 Asian economic crisis, Indonesia did not recover as quickly as some of its Asian neighbors. In addition, corporate social responsibility initiatives have significantly increased in Indonesia, with several companies emphasizing their commitments to specific causes. Corporate social responsibility in Indonesia has also grown to include nonprofit partnerships, volunteerism and cause-marketing. Furthermore, private charitable contributions from local individuals have assumed increased relevance.

Moreover, the 2008 financial crisis has created new pressures for alternative fund-raising strategies. In fact, the economic crisis led to a shift in government attitudes toward local NPOs, including increased funding for local NPOs to provide services to the unemployed. International and domestic donors have also sought to increase the sector's effectiveness by collaborating with various Indonesian-based civil society groups and NPOs (Antlöv et al., 2005).

2. Explaining philanthropy in Indonesia

2.1 Data and measures

To study patterns of giving in Indonesia, an ideal data set would include giving to religious and community organizations as well as giving to registered foundations and associations. However, there are few nationally representative data sources that provide a comprehensive picture of giving. In addition, registered Indonesian foundations and associations do not rely significantly on philanthropic contributions from individuals. Two studies, the first conducted by PIRAC (Public Interest Research and Advocacy) in 2001 and the second conducted by the Center for Language and Culture in the State Islamic University Jakarta Syarif Hidayatullah Jakarta in 2003–2004, reported that 98 percent of all Indonesians give charitably, 'the highest rate by world standards,' with religion strongly motivating these donors (Fauzia, 2008, p. 1).

Given the importance of community-based and religious organizations, the data that we analyze focuses mainly on giving to community causes and

Table 23.1 Descriptive statistics

	Amounts in US dollars in 2012			
	Obs	Mean	Mean	Std. Dev
Panel A				
Total giving	9,975	0.5	211.0	5,313.9
Religious giving	9,975	0.3	165.6	4,650.1
Secular giving	9,975	0.3	45.5	1,511.7
Panel B				
Total giving	9,962	0.5	44.3	277.0
Religious giving	9,962	0.3	18.1	118.6
Secular giving	9,962	0.3	26.2	229.8

religious organizations. We rely on a unique data source: the fourth wave of the Indonesia Family Life Survey (IFLS4, 2007, 2008). This survey of 12,692 households is representative of about 83 percent of Indonesia’s population (Strauss, Witoelar, Sikoki, & Wattie, 2009). Table 23.1 provides an overview of the household and community variables used in our analysis.

The IFLS4 data is particularly well-suited to the study of giving. To our knowledge, there are few data sources (from developed or developing countries) that provide detailed evidence on giving to religious and secular organizations, as well as measures of trust. However, although IFLS has a panel structure, the religion and trust modules were only introduced in IFLS4. The IFLS4 study is a collaborative effort of RAND, the Center for Population and Policy Studies (CPPS) of the University of Gadjah Mada and Survey METRE. The fieldwork took place between late November 2007 and the end of April 2008, with long-distance tracking extending through the end of May 2008. The household members were asked whether and how much they contributed to community organizations (both religious and secular) in the past four weeks.

In order to convert household donations and income from rupiah to US dollar in 2012, we use Bank of Indonesia (Central Bank of Indonesia) rupiah to dollar exchange rate averaged over this period to convert rupiah to dollars and then we convert the value of a US dollar in 2008 to the value of a US dollar in 2012 using Consumer Price Index annual averages of all items from US Bureau of Labor Statistics.

The community organizations that households can contribute to include community meetings, cooperatives, voluntary labor, programs to improve the village or town, youth group activity, libraries, saving and loan funds, health funds, neighborhood security organizations, water for drinking systems, systems for garbage disposal, women’s association activities and community health posts. The data set also includes contributions to religious organizations.

In our analysis, we refer to giving to all non-religious organizations as giving to secular organizations.

2.2 Descriptive results

Table 23.1, Panel A illustrates the summary statistics of the key variables. About 50 percent of households contribute to a community program, 33 percent contribute to religious causes and 33 percent contribute to secular causes. The average donation amount was US\$211 in 2012.² The average amount donated to religious organizations was US\$166, while the average amount donated to secular organizations was US\$45. Thus, the average donation to religious organizations is significantly higher than the average donation to secular organizations in our total sample, which is also the sample used in our regressions.

However, we notice that there are a few observations that report very high amounts of giving, with the highest amount being US\$293,800. In Panel B, we present descriptive statistics for observations excluding about 0.1 percent of the top donors who donate more than US\$14,000 a year. This reduces our sample size from 9,975 to 9,962. In this sample, the average total donation amount is US\$44. The average amount donated to religious organizations is US\$18, whereas the average amount donated to secular organizations is US\$26. Hence, it appears that top donors give disproportionately more to religious organizations than to secular organizations.

2.3 Explaining philanthropic giving in Indonesia

2.3.1 Incidence of giving

Table 23.2 presents the results of a logistic regression model. The key dependent variable is an indicator variable that captures whether or not people give to any of the community programs/causes, to religious programs/causes or secular programs/causes. The dependent variable in Table 23.2 is equal to one if a household member has given to any organizations or causes in the past four weeks and zero otherwise. The demographic variables are measured for the household head.

One key finding is that age influences giving behavior. Similar to findings from the United States and other developed countries, household heads that are older are more likely to give compared to their younger counterparts. In particular, household heads that are 35–65 years and above 65 years are more likely to give than household heads that are less than 35 years old. Similarly, household heads who are aged 35–65 years are twice as likely to give as household heads that are less than 35 years old. Education is positively associated with giving. Household heads who are college graduates have a higher probability of giving, compared to those with a primary school education or less. Household heads

Table 23.2 Logistic regression analysis of total, religious and secular giving in Indonesia in 2007

	Total giving			Religious giving			Secular giving		
	Coef.	Robust S.E.	Odds ratio	Coef.	Robust S.E.	Odds ratio	Coef.	Robust S.E.	Odds ratio
Aged between 35 and 65	0.70	0.05	2.02	0.67	0.05	1.95	0.54	0.05	1.71
Aged over 65	0.70	0.09	2.02	0.71	0.10	2.04	0.43	0.10	1.54
Junior high school graduate	0.23	0.06	1.26	0.00	0.07	1.00	0.41	0.07	1.51
Senior high school graduate	0.10	0.05	1.10	-0.13	0.06	0.88	0.32	0.06	1.38
College graduate	0.18	0.08	1.20	-0.20	0.09	0.82	0.40	0.08	1.49
Male	0.10	0.07	1.11	-0.03	0.08	0.97	0.23	0.08	1.26
Married	0.74	0.07	2.10	0.62	0.08	1.87	0.68	0.08	1.96
Income	0.25	0.10	1.00	0.07	0.07	1.00	0.19	0.07	1.00
Home ownership	0.60	0.05	1.83	0.67	0.06	1.96	0.48	0.05	1.61
Christian	0.33	0.09	1.39	0.56	0.09	1.76	-0.16	0.10	0.85
Hindu, Buddhist, other	0.11	0.10	1.12	0.27	0.10	1.30	-0.19	0.11	0.83
Religiosity	0.15	0.04	1.16	0.32	0.04	1.38	0.04	0.04	1.04
Trust	0.09	0.08	1.09	-0.02	0.09	0.98	0.24	0.08	1.27
constant	-2.16	0.13	0.12	-3.09	0.15	0.05	-2.52	0.14	0.08
Number of observations	9,975.00			9,975.00			9,975.00		
R-squared	0.07			0.07			0.05		

Notes: Income in US\$/10,000; Religiosity (1-4), 4 very religious, 1 not religious; trust is scaled between 0 and 1; Secular giving includes: Community meeting, cooperatives, voluntary labor, program to improve village youth groups activity, village library, village saving and loan, health fund, neighborhood security org, water for drinking system, system for garbage disposal, women's association activities, community and health post.

that completed junior high school are 1.25 times more likely to contribute than those who are primary school graduates or less. Interestingly, the odds of giving for senior high school and college graduates are similar to those of junior high school graduates.

Male-headed households are not statistically different than female-headed households in terms of giving probability. However, household heads who are married are twice as likely to give as household heads who are single. While homeownership increases the probability of giving, income does not affect the odds of giving to a community organization. Homeowners are 1.82 times more likely to contribute than households who are not homeowners.

As in other studies, religion is an important determinant of giving. Households headed by a Christian are 1.38 times more likely to have given than households who are headed by a Muslim (the omitted category). Furthermore, giving probability increases with self-reported religiosity (measured as a 4-point scale). Trust does not appear to have a statistically significant effect on the probability of giving.

We also examine the factors that influence the likelihood of giving to religious causes and organizations. While the results on the effects of age, income, marital status, homeownership and religiosity are similar to those for total giving, results on the effects of education are strikingly different. Higher education does not increase the odds of religious giving. In fact, the odds of religious giving for senior high school graduates and college graduates are lower than the odds of giving for primary school graduates.

In contrast to the results on religious giving, higher education does increase the odds of secular giving. A junior secondary school graduate is 1.50 times more likely to give to a secular cause than a primary school graduate. Interestingly, male-headed households are also more likely to give to secular causes than female headed households.

In particular, religious affiliation is significantly associated with giving to secular causes. We note that religious minorities – mostly Christian and Hindu headed households – are less likely to give to secular causes compared to their Muslim counterparts. However, self-reported measures of religiosity do not appear to affect the likelihood to give to secular causes. While trust does not affect the incidence of total giving, it does have a positive and significant effect on the incidence of secular giving. Results on age, income, homeownership and marital status are similar to those obtained when we analyzed the incidence of total giving.

2.3.2 *Amount donated*

Table 23.3 displays the results from a Tobit regression analysis of the natural log of the total amount people gave to any of the community organizations and causes, to religious causes and purposes and to secular causes and purposes.

Table 23.3 Tobit regression analyses of the natural log of the total amount donated in Indonesia in 2007

	Total giving		Religious giving		Secular giving	
	Coef.	Robust S.E.	Coef.	Robust S.E.	Coef.	Robust S.E.
Aged between 35 and 65	1.30	0.09	1.35	0.11	1.17	0.11
Aged over 65	1.20	0.15	1.37	0.19	0.90	0.21
Junior high school graduate	0.46	0.10	0.05	0.13	0.86	0.13
Senior high school graduate	0.31	0.09	-0.11	0.11	0.71	0.12
College graduate	0.58	0.14	-0.07	0.18	0.98	0.17
Male	0.25	0.13	-0.04	0.15	0.55	0.17
Married	1.39	0.13	1.29	0.15	1.46	0.16
Income	0.50	0.13	0.26	0.13	0.54	0.13
Home ownership	1.16	1.16	1.39	0.11	1.11	0.12
Christian	0.84	0.15	1.49	0.18	-0.26	0.21
Hindu, Buddhist, other	1.10	0.19	1.64	0.23	-0.15	0.23
Religiosity	0.29	0.07	0.64	0.08	0.10	0.09
Trust	0.27	0.13	0.05	0.17	0.56	0.17
constant	-3.95	0.23	-6.37	0.29	-5.53	0.30
Number of observations	9,975.00		9,975.00		9,975.00	
R-squared	0.04		0.04		0.03	

Notes: Income in US\$/10,000; Religiosity (1–4), 4 very religious, 1 not religious; trust is scaled between 0 and 1; Secular giving includes: Community meeting, cooperatives, voluntary labor, program to improve village youth groups activity, village library, village saving and loan, health fund, neighborhood security org, water for drinking system, system for garbage disposal, women's association activities, community and health post.

We first examine the results on total giving donations. The dependent variable is the natural logarithm of total donations to all causes in the survey year denominated in 2012 US dollars.

We find that age is positively associated with the total amount of contributions, holding other variables constant. Higher education also matters: compared to those with only a primary education or less, household heads that have completed junior secondary school are predicted to give 46 percent more, and household heads that completed college are predicted to give 58 percent more. Being male increases the amount of donations by about 25 percent, but this variable is significant only at 5 percent significance level.

Marital status, income, homeownership and religion are important determinants of total contributions. Being a homeowner increases the amount donated by about 116 percent, while being married increases the amount donated by 139 percent. Being a Christian increases the amount of contributions by about 83 percent over being a Muslim. Similarly, being a Hindu/Buddhist or other increases the amount donated by about 110 percent. Self-reported religiosity

increases the amount donated. Finally, household heads that have trusting attitudes toward others are predicted to give 29 percent more to organizations than heads who completely distrust others.

In examining the levels of religious giving, we find that the results are similar to those in total giving except for the factors of education and trust. Higher levels of education and trust do not increase the amount of religious donations. In contrast, higher levels of education and trust are important determinants of secular contributions. A junior high school graduate-headed household gives 86 percent more than a primary school (or less) graduate-headed household. Similarly, heads with college degrees give about 98 percent more than heads with a primary school education to secular causes. Household heads that completely trust others are predicted to give 56 percent more money to secular organizations than people who completely distrust others. Religious affiliation and religiosity do not appear to significantly affect the amount donated to secular causes.

3. Conclusion

Indonesia has a strong tradition of giving deeply rooted in Islamic culture. The data that we analyze focuses mainly on this type of giving to community causes and religious organizations. In our data, we observe that top donors give disproportionately to religious organizations. Age, being married and homeownership increases the likelihood of giving. While education increases the likelihood and amount of secular giving, it does not have a significant effect on religious giving.

Although Indonesia is a largely Muslim country with strong traditions of giving, we find in our results for total giving that religious minorities are more likely to give and give larger amounts than Muslims. While size and scope of NPOs in Indonesia are growing alongside a strong tradition of philanthropy, the nonprofit sector still faces constraints. Overall trust and confidence in existing NPOs – and their abilities to deliver on their missions – are low, acting as a barrier to the growth of philanthropy. Nevertheless, trust and confidence can be cultivated within specific ethnic and cultural contexts; thus, Indonesia's rich ethnic and religious diversity present a unique strength and challenge in building a thriving philanthropic sector. Additionally, the sector faces the constraints of limited tax incentives for charitable donations as well as the need to increase transparency and accountability of donations.

Notes

1. A recent definition of *infak* (also written as *infaq*) comes from the Zakat Foundation of America at <http://www.zakat.org/blog/infaq-its-benefits—the-nature-of-infaq/>.

2. Our data has information on the amounts donated in the past four weeks. In order to have yearly estimates, we multiply reported amounts by 13 since there are 52 weeks in a year.

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